

## **AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

To the Shareholders and the Board of Directors of Major Cineplex Group Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited (“the Company”) as at 30 June 2010, and the related consolidated and company statements of income for the three-month and six-month periods ended 30 June 2010 and 2009 and the related consolidated and company statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2010 and 2009. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

I conducted my reviews in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have audited the consolidated and company financial statements for the year ended 31 December 2009 of Major Cineplex Group Public Company Limited and its subsidiaries and of Major Cineplex Group Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 25 February 2010. The consolidated and company balance sheets as at 31 December 2009, presented for comparative purposes, are components of the financial statements that I have audited and on which I issued a report as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

Kajornkiet Aroonpirodkul  
Certified Public Accountant (Thailand) No. 3445  
PricewaterhouseCoopers ABAS Limited

Bangkok  
13 August 2010

**MAJOR CINEPLEX GROUP PUBLIC COMPANY LIMITED**

**INTERIM CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

**30 JUNE 2010**

**Major Cineplex Group Public Company Limited**

**Balance Sheets**

**As at 30 June 2010 and 31 December 2009**

		Unit: Baht'000			
		Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 June	31 December	30 June	31 December
Notes		2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
		238,816	532,016	44,501	371,357
		200,235	-	200,235	-
		728,793	793,730	236,182	374,681
		41,496	44,009	426,461	535,961
		-	307,991	-	307,991
		133,299	178,010	17,737	23,913
		12,853	57,369	-	-
		35,430	36,817	9,473	9,473
		-	77,000	-	-
		263,213	386,623	60,999	110,399
		<b>1,654,135</b>	<b>2,413,565</b>	<b>995,588</b>	<b>1,733,775</b>
<b>Non-current assets</b>					
		5,903	5,869	-	-
		18,826	3,072	-	-
		66,427	-	66,427	-
		-	-	1,880,640	1,860,640
		1,428,173	1,471,947	1,308,434	1,328,077
		58,038	46,148	55,520	45,520
		314,915	30,210	314,915	30,210
		14,382	25,657	1,809,910	2,051,490
		5,523,190	5,709,251	2,257,607	2,227,750
		338,408	338,408	-	-
		416,403	500,693	29,232	11,803
		607,311	624,639	192,557	197,293
		92,374	99,694	48,486	47,152
		<b>8,884,350</b>	<b>8,855,588</b>	<b>7,963,728</b>	<b>7,799,935</b>
		<b>10,538,485</b>	<b>11,269,153</b>	<b>8,959,316</b>	<b>9,533,710</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**

**Balance Sheets (Cont'd)**

**As at 30 June 2010 and 31 December 2009**

		Unit: Baht'000				
		Consolidated		Company		
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	
		30 June	31 December	30 June	31 December	
Notes		2010	2009	2010	2009	
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term						
	borrowings from financial institutions	14	796,197	1,749,811	536,598	1,217,486
	Trade accounts payable		528,561	624,909	385,749	331,310
	Amounts due to related parties	22	12,705	26,793	16,240	100,281
	Current portion of long-term borrowings	14	155,214	318,127	6	300,395
	Accrued income tax		24,902	30,772	4,121	973
	Other current liabilities		746,563	975,087	302,162	351,821
	<b>Total current liabilities</b>		<u>2,264,142</u>	<u>3,725,499</u>	<u>1,244,876</u>	<u>2,302,266</u>
<b>Non-current liabilities</b>						
	Long-term borrowings from					
	related parties	22	-	-	67,311	58,149
	Long-term borrowings from					
	financial institutions	14	135,325	172,047	20,105	169,960
	Debentures	14	2,300,000	1,500,000	2,300,000	1,500,000
	Provision for liabilities on losses					
	in subsidiaries	20	-	-	-	49,257
	Other non-current liabilities		473,750	482,685	20,423	21,073
	<b>Total non-current liabilities</b>		<u>2,909,075</u>	<u>2,154,732</u>	<u>2,407,839</u>	<u>1,798,439</u>
	<b>Total liabilities</b>		<u>5,173,217</u>	<u>5,880,231</u>	<u>3,652,715</u>	<u>4,100,705</u>

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**

**Balance Sheets (Cont'd)**

**As at 30 June 2010 and 31 December 2009**

		Unit: Baht'000			
		Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 June	31 December	30 June	31 December
Notes		2010	2009	2010	2009
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital	15				
Authorised share capital		906,000	906,000	906,000	906,000
Issued and fully paid-up share capital		881,897	881,897	881,897	881,897
Share premium	15	3,839,674	3,839,674	3,839,674	3,839,674
Unrealised loss		(50,087)	(4,773)	(50,087)	(5,130)
Retained earnings					
Appropriated					
Legal reserve		90,600	90,600	90,600	90,600
Reserve for treasury shares	15	267,920	267,920	267,920	267,920
Unappropriated		479,425	481,080	544,517	625,964
<u>Less</u> Treasury shares	15	(267,920)	(267,920)	(267,920)	(267,920)
Total parent's shareholders' equity		5,241,509	5,288,478	5,306,601	5,433,005
Minority interest	21	123,759	100,444	-	-
<b>Total shareholders' equity</b>		<b>5,365,268</b>	<b>5,388,922</b>	<b>5,306,601</b>	<b>5,433,005</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,538,485</b>	<b>11,269,153</b>	<b>8,959,316</b>	<b>9,533,710</b>

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Income (Unaudited)**  
**For the three-month periods ended 30 June 2010 and 2009**

		<b>Unit: Baht'000</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Revenues</b>				
	Service income	1,040,186	1,060,597	559,230	562,446
	Sales	362,269	365,314	106,725	115,682
	<b>Total revenues</b>	<b>1,402,455</b>	<b>1,425,911</b>	<b>665,955</b>	<b>678,128</b>
	<b>Costs</b>				
	Cost of services	(712,707)	(787,756)	(416,077)	(396,011)
	Cost of sales	(222,267)	(250,777)	(37,704)	(43,682)
	<b>Total Costs</b>	<b>(934,974)</b>	<b>(1,038,533)</b>	<b>(453,781)</b>	<b>(439,693)</b>
	<b>Gross profit</b>	<b>467,481</b>	<b>387,378</b>	<b>212,174</b>	<b>238,435</b>
	Other operating income	36,952	27,499	75,154	96,204
	<b>Profit before expenses</b>	<b>504,433</b>	<b>414,877</b>	<b>287,328</b>	<b>334,639</b>
	Selling expenses	(100,591)	(86,269)	(28,093)	(70,186)
	Administrative expenses	(216,867)	(232,716)	(153,560)	(103,557)
	Management's remuneration	(11,397)	(7,908)	(7,578)	(6,979)
	<b>Total expenses</b>	<b>(328,855)</b>	<b>(326,893)</b>	<b>(189,231)</b>	<b>(180,722)</b>
	<b>Operating profit</b>	<b>175,578</b>	<b>87,984</b>	<b>98,097</b>	<b>153,917</b>
	Gain on disposal of investment	252	1,467	252	1,467
	Share of result of investments - equity method	32,661	(15,474)	-	-
	<b>Profit before financial costs and income tax</b>	<b>208,491</b>	<b>73,977</b>	<b>98,349</b>	<b>155,384</b>
	Financial costs	(36,616)	(30,785)	(29,304)	(33,877)
	<b>Profit before income tax</b>	<b>171,875</b>	<b>43,192</b>	<b>69,045</b>	<b>121,507</b>
	Income tax	(19,803)	(29,889)	(7,061)	(14,270)
	<b>Net profit for the period</b>	<b>152,072</b>	<b>13,303</b>	<b>61,984</b>	<b>107,237</b>
	<b>Attributable to:</b>				
	Shareholders of the parent	151,503	13,303	61,984	107,237
	Minority interest	569	-	-	-
	<b>Net profit for the period</b>	<b>152,072</b>	<b>13,303</b>	<b>61,984</b>	<b>107,237</b>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
	<b>Earnings per share for profit</b>				
	<b>attributable to the parent</b>				
	Basic earnings per share	0.18	0.02	0.07	0.13
	Diluted earnings per share	0.18	0.02	0.07	0.13

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Income (Unaudited)**  
**For the six-month periods ended 30 June 2010 and 2009**

		<b>Unit: Baht'000</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Revenues</b>				
	Service income	2,117,633	1,943,806	1,046,666	987,201
	Sales	769,309	662,160	196,942	200,393
	<b>Total revenues</b>	<b>2,886,942</b>	<b>2,605,966</b>	<b>1,243,608</b>	<b>1,187,594</b>
	<b>Costs</b>				
	Cost of services	(1,425,761)	(1,439,926)	(763,469)	(722,829)
	Cost of sales	(487,883)	(436,041)	(71,306)	(78,560)
	<b>Total Costs</b>	<b>(1,913,644)</b>	<b>(1,875,967)</b>	<b>(834,775)</b>	<b>(801,389)</b>
	<b>Gross profit</b>	<b>973,298</b>	<b>729,999</b>	<b>408,833</b>	<b>386,205</b>
	Other operating income	64,783	67,697	142,570	181,626
	<b>Profit before expenses</b>	<b>1,038,081</b>	<b>797,696</b>	<b>551,403</b>	<b>567,831</b>
	Selling expenses	(211,362)	(179,051)	(58,349)	(114,254)
	Administrative expenses	(470,758)	(478,525)	(268,770)	(213,865)
	Management's remuneration	(26,801)	(16,510)	(19,865)	(14,212)
	<b>Total expenses</b>	<b>(708,921)</b>	<b>(674,086)</b>	<b>(346,984)</b>	<b>(342,331)</b>
	<b>Operating profit</b>	<b>329,160</b>	<b>123,610</b>	<b>204,419</b>	<b>225,500</b>
	Gain on disposal of investment	19,653	1,467	83,220	1,467
	Share of result of investments - equity method	63,195	8,445	-	-
	<b>Profit before financial costs and income tax</b>	<b>412,008</b>	<b>133,522</b>	<b>287,639</b>	<b>226,967</b>
	Financial costs	(71,639)	(60,837)	(57,611)	(66,863)
	<b>Profit before income tax</b>	<b>340,369</b>	<b>72,685</b>	<b>230,028</b>	<b>160,104</b>
	Income tax	(46,206)	(46,955)	(17,133)	(20,102)
	<b>Net profit for the period</b>	<b>294,163</b>	<b>25,730</b>	<b>212,895</b>	<b>140,002</b>
	<b>Attributable to:</b>				
	Shareholders of the parent	292,687	25,581	212,895	140,002
	Minority interest	1,476	149	-	-
	<b>Net profit for the period</b>	<b>294,163</b>	<b>25,730</b>	<b>212,895</b>	<b>140,002</b>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
	<b>Earnings per share for profit attributable to the parent</b>				
	Basic earnings per share	0.35	0.03	0.25	0.16
	Diluted earnings per share	0.35	0.03	0.25	0.16

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited)**  
**For the six-month periods ended 30 June 2010 and 2009**

**Unit: Baht**

	<b>Consolidated</b>								
	<b>Parent's shareholders' equity</b>								
	<b>Issued and paid-up share capital</b>	<b>Share premium</b>	<b>Unrealised gain (loss)</b>	<b>Retained earnings</b>			<b>Treasury shares</b>	<b>Minority interest</b>	<b>Total</b>
				<b>Legal reserve</b>	<b>Treasury shares reserve</b>	<b>Unappropriated</b>			
<b>Opening balance as at 1 January 2010</b>	881,897	3,839,674	(4,773)	90,600	267,920	481,080	(267,920)	100,444	5,388,922
Net profit for the period	-	-	-	-	-	292,687	-	1,476	294,163
Treasury shares	-	-	-	-	-	-	-	21,839	21,839
Dividends (Note 17)	-	-	-	-	-	(294,342)	-	-	(294,342)
Available-for-sale investment									
Realised gain recognised in statement of income	-	-	1,997	-	-	-	-	-	1,997
Unrealised loss recognised in equity	-	-	(47,311)	-	-	-	-	-	(47,311)
<b>Closing balance as at 30 June 2010</b>	<b>881,897</b>	<b>3,839,674</b>	<b>(50,087)</b>	<b>90,600</b>	<b>267,920</b>	<b>479,425</b>	<b>(267,920)</b>	<b>123,759</b>	<b>5,365,268</b>
<b>Opening balance as at 1 January 2009</b>	881,897	3,839,674	445	90,600	15,549	615,598	(15,549)	(6,507)	5,421,707
Reserve during the period	-	-	-	-	252,371	(252,371)	-	-	-
Gain recognised due to disposal of investment	-	-	(445)	-	-	-	-	-	(445)
Net profit for the period	-	-	-	-	-	25,581	-	149	25,730
Treasury shares	-	-	-	-	-	-	(252,371)	-	(252,371)
Purchase of investment in subsidiaries	-	-	-	-	-	-	-	(8,042)	(8,042)
Dividends (Note 17)	-	-	-	-	-	(215,872)	-	-	(215,872)
<b>Closing balance as at 30 June 2009</b>	<b>881,897</b>	<b>3,839,674</b>	<b>-</b>	<b>90,600</b>	<b>267,920</b>	<b>172,936</b>	<b>(267,920)</b>	<b>(14,400)</b>	<b>4,970,707</b>

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.



**Major Cineplex Group Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2010 and 2009**

	<b>Unit: Baht</b>							
	<b>Company</b>							
	<b>Retained earnings</b>							
	<b>Appropriated</b>							
	<b>Issued and paid-up share capital</b>	<b>Share premium</b>	<b>Unrealised gain (loss)</b>	<b>Legal reserve</b>	<b>Treasury shares reserve</b>	<b>Unappropriated</b>	<b>Treasury shares</b>	<b>Total</b>
<b>Opening balance as at 1 January 2010</b>	881,897	3,839,674	(5,130)	90,600	267,920	625,964	(267,920)	5,433,005
Net profit for the period	-	-	-	-	-	212,895	-	212,895
Dividends (Note 17)	-	-	-	-	-	(294,342)	-	(294,342)
Available-for-sale investment								
Realised gain recognised in statement of income	-	-	2,147	-	-	-	-	2,147
Unrealised loss recognised in equity	-	-	(47,104)	-	-	-	-	(47,104)
<b>Closing balance as at 30 June 2010</b>	<b>881,897</b>	<b>3,839,674</b>	<b>(50,087)</b>	<b>90,600</b>	<b>267,920</b>	<b>544,517</b>	<b>(267,920)</b>	<b>5,306,601</b>
<b>Opening balance as at 1 January 2009</b>	881,897	3,839,674	445	90,600	15,549	555,759	(15,549)	5,368,375
Reserve during the period	-	-	-	-	252,371	(252,371)	-	-
Gain recognised due to disposal of investment	-	-	(445)	-	-	-	-	(445)
Net profit for the period	-	-	-	-	-	140,002	-	140,002
Treasury shares	-	-	-	-	-	-	(252,371)	(252,371)
Dividends (Note 17)	-	-	-	-	-	(215,872)	-	(215,872)
<b>Closing balance as at 30 June 2009</b>	<b>881,897</b>	<b>3,839,674</b>	<b>-</b>	<b>90,600</b>	<b>267,920</b>	<b>227,518</b>	<b>(267,920)</b>	<b>5,039,689</b>

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**Major Cineplex Group Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the six-month periods ended 30 June 2010 and 2009**

	Notes	Unit: Baht'000			
		Consolidated		Company	
		2010	2009	2010	2009
<b>Cash flows from operating activities</b>					
Cash generated from operations	19	692,263	878,816	335,630	354,769
Interest paid		(66,645)	(57,680)	(51,775)	(51,696)
Income tax paid		(52,068)	(99,618)	(13,985)	(70,176)
Net cash generated from operating activities		<u>573,550</u>	<u>721,518</u>	<u>269,870</u>	<u>232,897</u>
<b>Cash flows from investing activities</b>					
Proceeds from disposals of investment in subsidiaries		366	-	-	-
Payments for short-term investments	8	(1,300,000)	(1,170,000)	(1,300,000)	(1,170,000)
Proceeds from sales of short-term investment		1,100,533	940,000	1,100,533	940,000
Loans made to related parties	22	(2,008)	(4,011)	(190,395)	(333,980)
Proceeds from settlements of loans to related parties	22	11,048	39,370	349,080	210,871
Loans made to third parties		(5,000)	(6,000)	(5,000)	(6,000)
Proceeds from settlements of loans to third parties		4,450	1,901	4,450	1,901
Payments for investment in subsidiaries	20	-	(8,498)	(2,000)	(103,900)
Proceeds from disposal of investment in associates	20	46,519	-	46,519	-
Payments for investment in associate	20	(8,673)	-	(8,673)	-
Payments for investment in joint venture	20	(10,000)	(10,113)	(10,000)	(10,113)
Proceeds from disposals of long-term investment	8	9,692	-	9,692	-
Payments for long-term investment	8	(34,371)	-	(34,371)	-
Purchases of property, plant and equipment		(2,510)	(567,615)	(74,638)	(210,640)
Proceeds from disposals of property, plant and equipment		6,148	1,987	6,064	10
Proceeds from cancellation of lease agreement		42,056	-	-	-
Payments for intangible assets	12	(164,900)	(340,899)	(19,333)	(8,238)
Interest received		5,590	4,283	33,482	17,665
Dividends received from associates	20	72,338	38,155	72,338	38,155
Net cash used in investing activities		<u>(228,722)</u>	<u>(1,081,440)</u>	<u>(22,252)</u>	<u>(634,269)</u>
<b>Cash flows from financing activities</b>					
Proceeds from bank overdrafts		(4,107)	17,529	27,868	26,703
(Decrease) increase in restricted cash		(34)	267	-	-
Payments for short-term borrowings, net		(689,156)	(234,767)	(708,756)	(213,767)
Repayments of finance lease liabilities		(389)	(5,962)	(244)	(5,186)
Proceeds from loans from related parties	22	-	-	80,000	62,550
Settlements of loans from related parties	22	-	-	(29,000)	(49,000)
Settlements of long-term borrowings	14	(450,000)	(482,000)	(450,000)	(479,000)
Proceeds from issuance of debentures	14	800,000	1,497,000	800,000	1,497,000
Dividends paid to shareholders	17	(294,342)	(215,872)	(294,342)	(215,872)
Payments for treasury shares		-	(252,371)	-	(252,371)
Net cash used in generated from financing activities		<u>(638,028)</u>	<u>323,824</u>	<u>(574,474)</u>	<u>371,057</u>

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

**Major Cineplex Group Public Company Limited**  
**Statements of Cash Flows (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2010 and 2009**

	Unit: Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
<b>Net decrease in cash and cash equivalents</b>	(293,200)	(36,098)	(326,856)	(30,315)
Opening balance of cash and cash equivalents	532,016	241,388	371,357	106,858
Closing balance of cash and cash equivalents	<u>238,816</u>	<u>205,290</u>	<u>44,501</u>	<u>76,543</u>

**Non-cash transactions**

Significant non-cash transactions for the six-month periods ended 30 June 2010 and 2009:

	Unit: Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Investment in property, plant and equipment, not yet paid	(181,027)	(127,252)	(100,482)	(43,974)
Purchases of film rights, not yet paid	(51,534)	(17,725)	-	-
Purchases of property, plant and equipment under finance leases	(10,212)	235	-	-
Offsetting dividend income with loans from related parties	-	-	(40,000)	32,000
Transfer of amounts due from related parties to loans to related parties	2,599	-	(14,893)	(6,841)
Transfer of advance for subscription to long-term loan	307,991	-	307,991	-
Offsetting amounts due from related parties with loans from related parties	-	-	1,837	-
Transfer other current assets to loans to related parties	(20)	-	-	-
Offsetting trade accounts payable to loans to related parties	2	-	79,616	-
Offsetting amounts due to related parties to loans to related parties	(345)	1,266	18,193	26,443
Offsetting other current liabilities to loans to related parties	(1)	-	(21)	-
Receivable arisen from disposals of short-term investment	-	401,467	-	-
Disposals of equipment by offsetting with amount due to related parties	-	-	10,559	-

The accompanying notes on pages 11 to 35 are an integral part of these interim consolidated and company financial statements.

## **1 General information**

Major Cineplex Group Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

1839-1839/1 Phaholyothin Road, Ladyao, Jatujak, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

These group consolidated and company interim financial statements have been authorised for issue by the Board of Directors on 13 August 2010.

These group consolidated and company interim financial statements have been reviewed, not audited.

## **2 Basis of preparation**

All amounts shown in the financial statements and its notes are in thousands Thai Baht unless otherwise stated.

These interim consolidated and company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Account Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 34 “Interim Financial Reporting” (formerly TAS 41) and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

An English version of the consolidated and company interim financial statements have been prepared from the interim financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

## **3 Accounting policies**

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009.

### **New accounting standards, new financial reporting standards, amendments to accounting standards and accounting framework**

#### **a) Accounting framework**

The amendments of accounting framework was announced by the Federation of Accounting Professions on 9 April 2010 and endorsed by the Government Gazette on 26 May 2010. It is effective on 26 May 2010.

**3 Accounting policies (Cont'd)**

**b) New accounting standards, new financial reporting standards and amendments to accounting standards**

The following new accounting standards, new financial reporting standards and amendments to accounting standards were announced by the Federation of Accounting Professions on 9 April 2010 and endorsed by the Government Gazette on 26 May 2010 are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Group has not early adopted them:

Effective for the period beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 17 (Revised 2009)	Leases
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Effective for the period beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

The Group's management has determined that the new accounting standards, new financial reporting standards and amendments to accounting standards will not significantly impact the financial statements being presented.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

During the period, Siam Future Development Public Company Limited, ("Siam Future"), an associate, has chosen to early adopt the accounting standards regarding employee benefits and investment property. The Company does not have policy to early apply these standards and therefore has removed the effect of these standards before taking the share of results from investment in Siam Future in the consolidated financial statements.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

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**4. Changes in accounting estimates**

In compliance with the Thai Accounting Standard No. 16, Property, plant and equipment (formerly TAS 32), the Group has performed a review of the useful lives of its equipment in January 2010 by taking into account key factors that may have an impact to the extension of the asset useful lives including best maintenance of the assets and having appropriate controlled environment. The Group changed the estimated useful lives by using prospective adjustments. Sets out below are the comparison of the previous and new useful lives.

	<u>Previous useful lives (years)</u>	<u>New useful lives (years)</u>
Tools and equipment	10, 15	20

The effect from aforesaid changes was fully reflected in the three-month and six-month periods ended 30 June 2010. The depreciation for the previous and new useful lives can be summarised as follows:

	<u>Consolidated</u>		<u>Company</u>	
	<u>Previous useful lives Baht</u>	<u>New useful lives Baht</u>	<u>Previous useful lives Baht</u>	<u>New useful lives Baht</u>
Depreciation charges for:-				
- Three-month period ended 30 June 2010	25,339,406	11,457,762	11,811,325	5,260,898
- Six-month period ended 30 June 2010	53,151,311	24,230,422	23,429,204	10,342,660

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**5 Segment information**

Financial information by business segments is as follows:

	<b>Consolidated</b>						<b>Unit: Million Baht</b>
	<b>Cinema business</b>	<b>Advertising business</b>	<b>Bowling and Karaoke business</b>	<b>Rental and services</b>	<b>VCD/DVD and film rights distribution</b>	<b>Film production</b>	<b>Consolidated</b>
<b>For the three-month period ended 30 June 2010</b>							
Revenues							
Gross segment revenues	1,012	130	144	145	188	59	1,678
Inter-segment revenues	(165)	(1)	(29)	(17)	(20)	(7)	(239)
Net revenues	847	129	115	128	168	52	1,439
Segment results	101	96	-	45	(15)	(3)	224
Unallocated costs							(48)
Operating profit							176
<b>For the three-month period ended 30 June 2009</b>							
Revenues							
Gross segment revenues	1,098	93	150	136	205	-	1,682
Inter-segment revenues	(164)	(25)	(17)	(13)	(10)	-	(229)
Net revenues	934	68	133	123	195	-	1,453
Segment results	96	20	1	54	(16)	(3)	152
Unallocated costs							(64)
Operating profit							88

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**5 Segment information (Cont'd)**

	<b>Consolidated</b>						<b>Unit: Million Baht</b>
	<b>Cinema business</b>	<b>Advertising business</b>	<b>Bowling and Karaoke business</b>	<b>Rental and services</b>	<b>VCD/DVD and film rights distribution</b>	<b>Film production</b>	<b>Consolidated</b>
<b>For the six-month period ended 30 June 2010</b>							
Revenues							
Gross segment revenues	1,920	233	276	380	446	122	3,377
Inter-segment revenues	(274)	(2)	(41)	(37)	(33)	(38)	(425)
Net revenues	<u>1,646</u>	<u>231</u>	<u>235</u>	<u>343</u>	<u>413</u>	<u>84</u>	<u>2,952</u>
Segment results	<u>179</u>	<u>160</u>	<u>3</u>	<u>133</u>	<u>32</u>	<u>(68)</u>	<u>439</u>
Unallocated costs							(110)
Operating profit							<u>329</u>
<b>For the six-month period ended 30 June 2009</b>							
Revenues							
Gross segment revenues	1,966	201	285	250	374	-	3,076
Inter-segment revenues	(322)	(25)	(25)	(20)	(10)	-	(402)
Net revenues	<u>1,644</u>	<u>176</u>	<u>260</u>	<u>230</u>	<u>364</u>	<u>-</u>	<u>2,674</u>
Segment results	<u>80</u>	<u>82</u>	<u>(4)</u>	<u>101</u>	<u>(6)</u>	<u>(4)</u>	<u>249</u>
Unallocated costs							(125)
Operating profit							<u>124</u>



**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**6 Expenses by nature**

The following items classified by nature have been charged to the operating profit during the interim period.

<b>For the three-month periods ended</b>	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>30 June 2010</b>	<b>30 June 2009</b>
Depreciation (Note 12)	151,538	165,849	66,007	67,507
Amortisation				
- film rights (Note 12)	114,879	119,592	-	-
- computer software (Note 12)	1,640	198	1,428	-
- prepaid rents (Note 13)	8,664	8,343	2,368	2,368
Reversal of impairment loss for				
property, plant and equipment (Note 12)	(440)	(614)	-	-
Repairs and maintenance expenditure	12,355	13,765	4,345	5,487
Staff costs	131,446	136,758	62,996	67,852
Doubtful debts and bad debts	7,019	12,462	-	-
Loss on inventory (reversal)	-	(10,791)	-	-
Loss on goods returns (reversal)	(4,249)	13,510	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	119,338	132,945	38,113	44,135

<b>For the six-month periods ended</b>	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>30 June 2010</b>	<b>30 June 2009</b>
Depreciation (Note 12)	301,164	314,630	130,865	131,594
Amortisation				
- film rights (Note 12)	297,945	216,414	-	-
- computer software (Note 12)	2,327	198	1,904	-
- prepaid rents (Note 13)	18,716	16,708	4,736	4,758
Impairment of assets (Note 12)	-	2,000	-	-
Reversal of impairment loss for				
property, plant and equipment (Note 12)	(28,198)	-	-	-
Repairs and maintenance expenditure	24,244	22,540	8,538	8,267
Staff costs	257,882	269,170	122,707	132,706
Loss from written-off of property, plant and equipment (Note 12)	84,818	-	-	-
Doubtful debts and bad debts	9,221	51,974	-	-
Loss on inventory (reversal)	3,435	(10,791)	-	-
Loss on goods returns	13,848	11,000	-	-
Inventory				
- Cost of inventories recognised as expense (included in "Cost of sales")	251,005	249,580	71,844	79,423

On 24 March 2010, the subsidiaries has agreed to return the leased areas of theatres and bowling at Siam Discovery. The lessor has agreed to pay the compensation to the subsidiaries amounting to Baht 42.06 million. The related property and equipment with the net book value of Baht 63.82 million, net of allowance for impairment of Baht 21.00 million have been written off accordingly and the gain from disposal amounting to Baht 42.76 million has been recognised.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**7 Earnings per share**

Earnings per share attributable to equity holders of the parent is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of paid-up ordinary shares in issue during the period.

The outstanding warrants as at 30 June 2010 which issued and offered warrants to directors and employees of the Company and its subsidiaries (Note 16) did not affect the diluted earnings per share since the exercise price of the outstanding warrants is higher than the average market price of the Company's shares during the period ended 30 June 2010.

	<b>Unit: Shares'000</b>			
	<b>Consolidated and Company</b>			
	<b>For the three-month periods ended</b>		<b>For the six-month periods ended</b>	
	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>30 June 2010</b>	<b>30 June 2009</b>
Number of weighted average shares:				
- basic	840,990	856,584	840,990	863,739
- diluted	840,990	856,584	840,990	863,739

**8 Investments**

	<b>Unit: Baht'000</b>	
	<b>Consolidated and Company</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>
Current	200,235	-
Non-current	314,915	30,210
	<u>515,150</u>	<u>30,210</u>

**8.1) Current**

Short-term investment represents investment unit of a mutual fund and bond. Movements of short-term investment are as follows:

	<b>Unit: Baht'000</b>
	<b>Consolidated and Company</b>
	<b>30 June 2010</b>
Opening book value	-
Additions	1,300,000
Disposals	(1,100,000)
Change in fair value of investment	235
Closing book value	<u>200,235</u>

The Company disposed short-term investment during the period and recognised gain on disposal of Baht 0.53 million.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**8 Investments (Cont'd)**

**8.2) Non-current**

Movements of non-current investment are as follows:

	<b>Unit: Baht'000</b>
	<b>Consolidated</b>
	<b>and Company</b>
	<b>30 June</b>
	<b>2010</b>
	<hr/>
Opening book value	30,210
Transfer from advance for subscription	307,991
Additions	34,371
Disposals	(12,465)
Change in fair value of investment	(45,192)
	<hr/>
Closing book value	<u>314,915</u>

The Company disposed long-term investment during the period and recognised loss on disposal of Baht 2.77 million.

Long-term investments comprise:

**California Wow Experience Public Company Limited**

Investment in California Wow Experience Public Company Limited ("CAWOW") represents 19.9% holding in that company. The Company does not have controls and significant influence over its operations, and therefore, classifies investment in CAWOW as available-for-sale.

**PVR Company Limited**

On 24 December 2009, the Company has acquired 2,557,000 shares of PVR Company Limited ("PVR"), which is incorporated and listed in India at Rupee 165 per share or Baht 120.45, representing 9.09% of paid-up share capital, for the considerations of Baht 307,990,650. As at 31 December 2009, PVR is under registration process for the increased share capital. As of that date the Company presented such payment as advance for subscription. During the first quarter, the registration was completed. Therefore the investment is presented as available-for-sale investment and the change in fair value of investment is recognised under shareholders' equity.

**9 Trade accounts receivable, net**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<hr/>		<hr/>	
Trade accounts receivable				
- Third parties	625,203	732,898	52,495	62,910
- Related parties (Note 22)	22,138	28,799	183,687	311,771
Unbilled revenue				
- Third parties	128,258	84,788	-	-
Total	775,599	846,485	236,182	374,681
<u>Less</u> Allowance for doubtful accounts	(46,806)	(52,755)	-	-
Trade accounts receivable, net	<u>728,793</u>	<u>793,730</u>	<u>236,182</u>	<u>374,681</u>

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**9 Trade accounts receivable, net (Cont'd)**

Outstanding trade accounts receivable can be analysed as follows:

	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Unbilled revenue	128,258	84,788	-	-
Trade accounts receivable				
Current	344,050	530,932	67,157	82,405
Overdue not more than 3 months	117,727	102,787	64,131	66,449
3 - 6 months	54,306	21,365	39,129	21,504
Over 6 months	131,258	106,613	65,765	204,323
Total	775,599	846,485	236,182	374,681
<u>Less</u> Allowance for doubtful accounts	(46,806)	(52,755)	-	-
Trade accounts receivable, net	<u>728,793</u>	<u>793,730</u>	<u>236,182</u>	<u>374,681</u>

**10 Inventories, net**

	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Foods and beverages	26,676	30,101	14,182	15,651
VCD and DVD, net of allowance	71,086	61,661	-	-
Supplies	11,387	21,871	3,555	8,262
Finance lease space awaiting for transfer	20,239	56,587	-	-
	129,388	170,220	17,737	23,913
Goods in transit	3,911	7,790	-	-
Inventories, net	<u>133,299</u>	<u>178,010</u>	<u>17,737</u>	<u>23,913</u>

The allowance for obsolescence was recognised in the consolidated statement of income for the six-month period ended 30 June 2010 amounting to Baht 3.43 million (31 December 2009: reversal of allowance for obsolescence was recognised amounting to Baht 2.50 million).

**11 Other receivables**

On 28 September 2009, Major Cinead Co., Ltd., a subsidiary of the Company (“the Seller”) entered into a “Factoring Agreement” with a factoring company (“the Buyer”). The Seller disposed a group of trade accounts receivable amounting to Baht 208.35 million to the Buyer at the consideration of Baht 187.51 million. On the agreement date, the Buyer made cash payment amounting to Baht 50.51 million to the Seller. The remaining amount will be paid by 7 monthly installment, at Baht 20.00 million per month with the last installment on 26 April 2010 at Baht 17.00 million. The Buyer does not have any right to claim back payments which have been made to the Seller.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**12 Property, plant, equipment and intangible assets, net**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>Property, plant and equipment, net</b>	<b>Intangible assets, net</b>	<b>Property, plant and equipment, net</b>	<b>Intangible assets, net</b>
<b>For the six-month period ended</b>				
<b>30 June 2010</b>				
Opening net book amount	5,709,251	500,693	2,227,750	11,803
Additions	193,749	216,434	175,120	19,333
Disposals of investment in a subsidiary	(17,009)	-	-	-
Disposals, net	(4,577)	-	(14,398)	-
Write off, net	(84,818)	(891)	-	-
Depreciation/amortisation	(301,164)	(300,273)	(130,865)	(1,904)
Reversal of impairment charge	27,758	440	-	-
Closing net book amount	<u>5,523,190</u>	<u>416,403</u>	<u>2,257,607</u>	<u>29,232</u>

Capital expenditure contracted for at the balance sheet date, but not recognised in the financial statements is presented as follows:

	<b>Currency</b>	<b>Consolidated</b>		<b>Company</b>	
		<b>30 June 2010</b>	<b>31 December 2009</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
		<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>
Property, plant and equipment	THB	19,146	113,340	-	39,241
Intangible assets	THB	20,037	79,067	20,037	24,913
	USD	2,519	3,688	-	-
Total	THB	39,183	192,407	20,037	64,154
	USD	2,519	3,688	-	-
Total in Thai Baht		<u>121,278</u>	<u>316,015</u>	<u>20,037</u>	<u>64,154</u>

During the second quarter, a branch of a subsidiary has been effected by the political protest. That branch has to cease its operation temporarily.

**13 Prepaid rents**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
<b>For the six-month period ended 30 June 2010</b>				
Opening net book amount	661,456	206,766	661,456	206,766
Amortisation	(18,715)	(4,736)	(18,715)	(4,736)
Closing net book amount	<u>642,741</u>	<u>202,030</u>	<u>642,741</u>	<u>202,030</u>
<b>Unit: Baht'000</b>				
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>
Current portion	35,430	36,817	9,473	9,473
Long-term portion	607,311	624,639	192,557	197,293
Total	<u>642,741</u>	<u>661,456</u>	<u>202,030</u>	<u>206,766</u>

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**14 Long-term borrowings and debentures**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
<b>Current</b>				
Bank overdrafts	50,467	56,800	27,868	-
Short-term loans from financial institutions	745,730	1,693,011	508,730	1,217,486
Total bank overdrafts and short-term loans from financial institutions	796,197	1,749,811	536,598	1,217,486
Current portion of long-term borrowings				
- Finance lease liabilities	214	752	6	395
- Borrowing from banks and financial institutions	155,000	317,375	-	300,000
Total current portion of long-term borrowings	155,214	318,127	6	300,395
<b>Non-current</b>				
Finance lease liabilities	32,200	22,047	20,105	19,960
Borrowing from banks and financial institutions	103,125	150,000	-	150,000
Total non-current portion of long-term borrowings	135,325	172,047	20,105	169,960
Debentures	2,300,000	1,500,000	2,300,000	1,500,000
<b>Total long-term borrowings and debentures</b>	<b>3,386,736</b>	<b>3,739,985</b>	<b>2,856,709</b>	<b>3,187,841</b>

The movements in long-term borrowings can be analysed as follows:

	<b>Unit: Baht'000</b>	
	<b>Consolidated</b>	<b>Company</b>
<b>For the three-month period ended 30 June 2010</b>		
Opening amount	50,000	50,000
Reclassification	258,125	-
Repayments	(50,000)	(50,000)
Closing amount	258,125	-
<b>For the six-month period ended 30 June 2010</b>		
Opening amount	467,375	450,000
Reclassification	258,125	-
Disposals of investment in a subsidiary	(17,375)	-
Repayments	(450,000)	(450,000)
Closing amount	258,125	-

Long-term bank borrowings bear interest at the rates ranging from 4.50% to 6.50% per annum and are secured by the pledge of property, building, leasehold rights and operating lease contracts.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**14 Long-term borrowings and debentures (Cont'd)**

**Debentures**

	<b>Unit: Baht'000</b>	
	<u>Consolidated</u>	<u>Company</u>
<b>For the six-month period ended 30 June 2010</b>		
Opening amount	1,500,000	1,500,000
Issuance of debenture	800,000	800,000
Closing amount	<u>2,300,000</u>	<u>2,300,000</u>

The Company issued a straight, unsecured and unsubordinated Baht debenture at par value of Baht 1,000 per unit. Details of the debenture are as follows:

<u>Term</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Debentures Baht Million</u>	<u>Fixed interest rate (%) per annum</u>
3 years	15 June 2009	15 June 2012	1,500	4.80
3 years	9 April 2010	17 May 2013	800	3.35

Interest is due for payment quarterly and every six months. The Company will have to maintain the debt to equity ratio at the ratio stipulated in the prospectus.

The Company used proceeds from the debentures to repay borrowings from financial institution, for operation and expansion of its business.

**Borrowing facilities**

As at 30 June 2010, the available credit facilities from financial institutions of the Group and the Company are Baht 2,109.41 million and Baht 1,917.13 million, respectively. The facilities mainly expiring within 3 years are subject to review at various dates. The facilities have been arranged to mainly used for cinema construction and working capital (31 December 2009: Baht 1,109.10 million and Baht 929.42 million, respectively).

**15 Share capital and premium on share capital**

	<u>Authorised number of shares Shares'000</u>	<u>Issued and fully paid up shares</u>		
		<u>Number of shares Shares'000</u>	<u>Ordinary shares Baht'000</u>	<u>Share premium Baht'000</u>
<b>For the six-month period ended 30 June 2010</b>				
Opening balance	906,000	881,897	881,897	3,839,674
Closing balance	<u>906,000</u>	<u>881,897</u>	<u>881,897</u>	<u>3,839,674</u>

As at 30 June 2010, the total authorised number of ordinary shares is 906 million shares (31 December 2009: 906 million shares) with a par value of Baht 1 per share (31 December 2009: Baht 1 per share).

During 2009, the Company repurchased 40.91 million shares through the Stock Exchange of Thailand. The total amount paid to repurchase the shares was Baht 267.92 million which has been presented as treasury shares under the shareholders' equity. The treasury shares are held for reissuance at a later date. The Company allocated retained earnings as a reserve for treasury shares amounting to Baht 267.92 million in accordance with section 66/1(2) of the Security and Exchange Act B.E. 2535 which requires the Company to set aside retained earnings as reserve.

**16 Warrants**

The Company issued and offered warrants to directors and employees (ESOP) of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 5 years from the issued date. During the six-month period ended 30 June 2010, warrants have not been exercised since the offered price exceeds the market price.

**17 Dividends**

On 7 April 2010, at the Annual General Meeting of shareholders of the company, the shareholders passed a resolution to approve dividends in respect of the operating results for the period from January to December 2009 at Baht 0.35 per share, totalling Baht 294.34 million. The dividends will be distributed to shareholders listed in the register on 20 April 2010 and paid on 4 May 2010.

On 9 April 2009, at the annual ordinary shareholders' meeting of the Company, the shareholders passed a resolution to approve a dividend in respect of the period from July to December 2008 of Baht 0.25 per share, amounting to Baht 215.87 million. The dividends were distributed to the shareholders on 4 May 2009.

**18 Commitments and contingencies**

**i) Bank guarantees and letter of credits**

As at 30 June 2010, there are outstanding bank guarantees and letter of credits given on behalf of the Group to third parties amounting to Baht 192.93 million (31 December 2009: Baht 205.73 million).

**ii) Guarantees**

As at 30 June 2010, the Company and a subsidiary have given guarantees for bank loans granted to six related companies for a total of Baht 836.50 million (31 December 2009: Baht 635.74 million).

**iii) Operating lease commitments - where a Group Company is the lessee**

The Company and its subsidiaries have commitment obligations in terms of long-term lease of land, buildings and service contracts. The future aggregate non-cancellable minimum lease and service payments under the contracts are as follows:

	Unit: Million Baht			
	Consolidated		Company	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Not later than 1 year	587	569	279	246
Later than 1 year but not later than 5 years	2,140	2,183	890	912
Later than 5 years	5,168	5,417	1,610	1,709
	<u>7,895</u>	<u>8,169</u>	<u>2,779</u>	<u>2,867</u>

In addition to the minimum lease and service payments, the Group also has obligations in respect of lease of buildings and service contracts based on revenue sharing with the lessors.

**iv) Commitment from film productions**

As at 30 June 2010, the Group has commitments in respect of payments to film directors amounting to Baht 8.49 million (31 December 2009: Baht 11.59 million).



**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**19 Cash flows from operating activities**

Reconciliation of net profit before tax for the period to cash flows from operating activities:

For the six-month periods ended	Notes	Unit: Baht'000			
		Consolidated		Company	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
Profit before tax		340,369	72,685	230,028	160,104
Adjustments for:					
Depreciation and amortisation	12, 13	620,152	547,950	137,505	136,352
Doubtful and bad debts	6	9,221	51,974	-	-
Loss on obsolescence and Diminution in value of inventories (reversal)		3,435	(10,791)	-	-
Loss on goods returns	6	13,848	11,000	-	-
Provision for deposits		-	(300)	-	-
Reversal of impairment of investment in a subsidiary	20	-	-	(18,000)	-
Impairment loss (reversal)		(28,198)	2,000	-	-
Loss (Gain) on disposals of equipment		(1,575)	(563)	(1,539)	524
Loss from cancellation of lease agreement	6	42,762	-	-	-
Loss on write-off equipment and intangible assets	12	891	8,639	-	4,968
Loss from write off of deposit		60	-	-	-
Gain on disposals of investments in a subsidiary and associate	20	(19,400)	-	(18,203)	-
Gain on disposals of short-term investment	8	(533)	(1,467)	(533)	(1,467)
Loss from disposals of long-term investment	8	2,773	-	2,773	-
Shares of results of investments in associates and joint venture	20	(63,195)	(12,605)	-	-
Provision for liabilities on loss in subsidiaries (reversal)	20	-	-	(49,257)	(11,668)
Dividends income		-	-	(72,338)	(70,155)
Interest income		(5,520)	(3,324)	(46,422)	(56,216)
Financial costs		71,639	60,837	57,611	66,863
Changes in operating assets and liabilities:					
- trade accounts receivable		70,886	193,185	138,499	36,855
- other account receivable		77,000	-	-	-
- amounts due from related parties		4,968	(2,520)	76,269	73,375
- inventories		41,276	5,977	6,175	(12,145)
- movies under productions		44,516	(30,566)	-	-
- other current assets		107,404	(13,754)	48,713	(3,815)
- finance lease receivables		(15,754)	-	-	-
- long-term accounts receivable		(66,427)	-	(66,427)	-
- Prepaid rents		-	(1,310)	-	(1,310)
- other non-current assets		7,691	6,177	(782)	(1,556)
- trade accounts payable		(131,351)	112,958	134,054	27,703
- amounts due to related parties		(14,433)	(37,349)	(66,863)	40,675
- other current liabilities		(411,307)	(82,835)	(154,983)	(34,778)
- other non-current liabilities		(8,935)	2,818	(650)	460
Cash flows generated from operating activities		692,263	878,816	335,630	354,769

**20 Investments in subsidiaries, associates and interest in joint ventures**

**20.1) Movements of investment in subsidiaries**

	<b>Company Baht'000</b>
<b>Investment in subsidiaries</b>	
Opening net book amount	1,860,640
Additions	2,000
Reversal of impairment in a subsidiary	18,000
Closing net book amount	<u>1,880,640</u>

**Acquisition of investment**

**V Slim and Beauty Spa Company Limited**

On 25 January 2010 the Company has invested in V Slim and Beauty Spa Company Limited, which provides spa services, amounting to Baht 1,999,970 representing 99.99% of its registered shares.

**Disposal of investment**

**Exertainment Co., Ltd.**

On 31 March 2010 a subsidiary has disposed all 3,599,995 shares held in Exertainment Co., Ltd. ("EXER") for the considerations of Baht 500,000 to an individual. As of that date, EXER had a negative equity. As a result of the disposal, the Group recognised a gain amounting to Baht 14.30 million in the consolidated statement of income for the six-month period ended 30 June 2010.

For the company financial statements, the provision for liabilities and allowance for impairment in investment amounting to Baht 49.26 million and Baht 18.00 million, respectively, have been reversed and recognised under "Gain on disposal of investment" in the Company statement of income for the six-month period ended 30 June 2010.

**20.2) Movements of investment in associates**

	<b>Unit: Baht'000</b>	
	<b>Consolidated</b>	<b>Company</b>
<b>Investment in associates</b>		
Opening net book amount	1,471,947	1,328,077
Additions	8,673	8,673
Disposals	(41,414)	(28,316)
Dividends received	(72,338)	-
Share of results	61,305	-
Closing net book amount	<u>1,428,173</u>	<u>1,308,434</u>

**Siam Future Development Public Company Limited ("SF")**

**Acquisition of investment**

During May 2010, the Company has made additional investment in SF of 2.85 million shares at Baht 3.04 totalling Baht 8.67 million, resulting in increase of holding percentage from 22.70% to 22.98%.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**20 Investments in subsidiaries, associates and interest in joint ventures (Cont'd)**

**20.2) Movements of investment in associates (Cont'd)**

**Disposal of investment**

The Company disposed its investment of 14.37 million shares in SF for the considerations of Baht 46.52 million and recognised gain from disposal amounting to Baht 5.10 million and Baht 18.20 million in the consolidated and Company statements of income, respectively.

Gain on disposals of assets to the Property Fund will be realised on the straight-line basis over the lease contracts period of the buildings leased out to the Property Fund. During period ended 30 June 2010, the Group realised gain on disposals of Baht 7.01 million in the consolidated statement of income.

As at 30 June 2010, investment in associates included net book value of goodwill amounting to Baht 44.12 million (31 December 2009: Baht 44.12 million) in the consolidated financial statements.

**20.3) Movements of interest in joint ventures**

	<b>Unit: Baht'000</b>	
	<u>Consolidated</u>	<u>Company</u>
<b>Interest in joint ventures</b>		
<b>For the six-month period ended 30 June 2010</b>		
Opening net book amount	46,148	45,520
Additions	10,000	10,000
Share of results	1,890	-
Closing net book amount	<u>58,038</u>	<u>55,520</u>

**Acquisition of investment**

**Major Kantana Broadcasting Company Limited**

On 27 January 2010 the Company has invested in Major Kantana Broadcasting Company Limited, which engages in cable television business, amounting to Baht 9,999,980, representing 49.99% of its registered shares.

**20.4) The details of investments in subsidiaries, associates and interest in joint ventures are as follows:**

<u>Subsidiaries</u>	<u>Nature of business</u>	<u>Nature of relationship</u>	<u>% Ownership interest</u>
Major Cineplex Property Co., Ltd.	Building space for rent	Shareholder	99.99
Major Cineplex Services Co., Ltd.	Utilities services	Shareholder	99.99
Chiangmai Cineplex Co., Ltd.	Cinema services	Shareholder	99.99
Ratchayothin Management Co., Ltd.	Utilities services	Shareholder	99.99
Ratchayothin Cinema Co., Ltd.	Cinema services	Shareholder	99.99
Ratchayothin Realty Co., Ltd.	Building space for rent	Shareholder	99.99
Major Bowl Group Co., Ltd.	Bowling, Karaoke and entertainment services	Shareholder	99.99
Major Cinead Co., Ltd.	Advertising and advisory services	Shareholder	99.93
Bangkok Imax Theater Co., Ltd.	Cinema services	Shareholder	99.93
Udon Five Star Cineplex Co., Ltd.	Cinema services	Shareholder	99.99
Siam Cineplex Co., Ltd.	Cinema services	Shareholder	99.99
EGV Entertainment Public Company Limited ("EGV")	Cinema services	Shareholder	60.36
		Indirect shareholding	39.61

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**20 Investments in subsidiaries, associates and interest in joint venture (Cont'd)**

**20.4) The details of investments in subsidiaries, associates and interest in joint ventures are as follows:**  
(Cont'd)

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Nature of relationship</b>	<b>% Ownership interest</b>
M Picture Entertainment Public Company Limited (“MPIC”)	Publishing, advertising and distribution of film rights	Shareholder	65.93
V Slim and Beauty Spa Company Limited*	Spa services	Shareholder	99.99
<b>Subsidiaries under EGV</b>			
Entertain Golden Village Exhibition Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96
EGV Exhibition Co., Ltd.	Cinema services, advertising services, area for rent	Indirect shareholding	99.96
EGV Five Star Co., Ltd.	Cinema services, advertising services	Indirect shareholding	99.96
<b>Subsidiaries under MPIC</b>			
TV Forum Co., Ltd.	Television media business	Indirect shareholding	65.92
M Picture Co., Ltd.	Distribution of film rights for cinema services, VCD/DVD production and TV broadcast	Indirect shareholding	65.92
M.V.D. Co., Ltd. (“MVD”)	Distribution of VCD/DVD and film rights	Indirect shareholding	65.92
M Thirtynine Co., Ltd. **	Studio movie production	Indirect shareholding	65.92
<b>Subsidiary under MVD</b>			
Pacific Media Sale Co., Ltd.	Distribution of tape, CD, VDO, VCD and DVD	Indirect shareholding	65.53

\* new established company

\*\* in 2009 was previously subsidiary under MVD

<b>Associates</b>	<b>Nature of business</b>	<b>Nature of relationship</b>	<b>% Ownership interest</b>
Siam Future Development Public Company Limited (“SF”)	Rental of building space and utilities services	Shareholder	22.98
Ratchayothin Avenue Co., Ltd.	Rental of building space and utilities services	Shareholder	50.00
		Indirect shareholding via SF	11.49
Major Cineplex Lifestyle Leasehold Property Fund	Rental of building and utilities services	Shareholder	33.00
Thaiticketmajor Co., Ltd.	Agent for selling of tickets	Shareholder	40.00

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**20 Investments in subsidiaries, associates and interest in joint venture (Cont'd)**

**20.4) The details of investments in subsidiaries, associates and interest in joint ventures are as follows:**  
(Cont'd)

<b>Joint ventures</b>	<b>Nature of business</b>	<b>Nature of relationship</b>	<b>% Ownership interest</b>
PVR Blu-O Entertainment Limited ("PVR Blu-O")	Bowling, Karaoke and entertainment	Shareholder	49.00
Major Kantana Broadcasting Company Limited*	Cable television services	Shareholder PVR Blu-O	49.99

All subsidiaries and associates are incorporated in Thailand except PVR Blu-O, which is incorporated in India. All holdings are investments in ordinary shares and investment unit in the Property Fund.

\* new established company

**21 Minority interest**

	<b>Unit: Baht'000</b>
	<b>Consolidated</b>
	<b>30 June 2010</b>
Opening balance	100,444
Disposal of investment in subsidiary	21,839
Share of profit	1,476
Closing balance	<u>123,759</u>

**22 Related party transactions**

The significant investments in subsidiaries, associates and joint ventures are set out in Note 20.

Other related companies are companies belonging to directors and directors' family of the Company and is therefore related parties.

The following significant transactions were carried out with related parties:

**i) Sales of goods and services and others**

<b>For the three-month periods ended</b>	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>30 June 2010</b>	<b>30 June 2009</b>
<b>Management income</b>				
Subsidiaries	-	-	-	5,700
Associates	-	1,714	-	1,714
Leasehold Property Fund	6,215	6,484	6,215	6,484
Related companies	1,650	1,200	1,650	1,200
	<u>7,865</u>	<u>9,398</u>	<u>7,865</u>	<u>15,098</u>



**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**22 Related party transactions (Cont'd)**

**i) Sales of goods and services and others (Cont'd)**

For the six-month periods ended	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
<b>Rental and services income</b>				
Subsidiaries	-	-	1,343	468
Associates	-	21,383	-	6,646
Leasehold Property Fund	11,383	11,257	105	113
Related companies	21,059	2,952	4,762	502
	<u>32,442</u>	<u>35,592</u>	<u>6,210</u>	<u>7,729</u>
<b>Dividends income</b>				
Subsidiaries	-	-	-	32,000
Associates	-	-	37,044	4,000
Leasehold Property Fund	-	-	35,294	34,155
	<u>-</u>	<u>-</u>	<u>72,338</u>	<u>70,155</u>
<b>Other income</b>				
Subsidiaries	-	-	1,073	4,905
Associates	15	2,870	-	28
Joint Ventures	-	2,295	-	4,500
Related companies	2,302	79	8	16
	<u>2,317</u>	<u>5,244</u>	<u>1,081</u>	<u>9,449</u>
<b>Sale of equipment</b>				
Subsidiaries	-	-	9,868	-

**ii) Purchases of goods and services and others**

For the three-month periods ended	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
<b>Rental and service expenses</b>				
Subsidiaries	-	-	11,459	7,097
Associates	10,258	9,864	6,961	6,389
Leasehold Property Fund	29,633	28,777	22,672	22,065
Other related companies	12,536	9,558	11,259	8,252
	<u>52,427</u>	<u>48,199</u>	<u>52,351</u>	<u>43,803</u>
<b>Equipment rental expenses</b>				
Subsidiaries	-	-	-	(7,800)
Associates	661	640	-	-
Other related companies	5,400	5,400	5,400	5,400
	<u>6,061</u>	<u>6,040</u>	<u>5,400</u>	<u>(2,400)</u>

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**22 Related party transactions (Cont'd)**

**ii) Purchases of goods and services and others (Cont'd)**

For the three-month periods ended	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
<b>Interest expense</b>				
Subsidiaries	-	-	318	6,642
Associates	235	232	235	232
Other related companies	157	155	157	155
	<u>392</u>	<u>387</u>	<u>710</u>	<u>7,029</u>
<b>Consulting fee</b>				
Other related companies	<u>6,450</u>	<u>6,450</u>	<u>6,450</u>	<u>6,450</u>
<b>Sponsorship expense</b>				
Associates	319	106	-	-
Leasehold Property Fund	180	250	-	-
	<u>499</u>	<u>356</u>	<u>-</u>	<u>-</u>
<b>Advertising cost</b>				
Associates	1,759	-	-	-
Other related companies	191	-	-	-
	<u>1,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Film hire cost</b>				
Subsidiaries	-	-	18,966	-
Other related companies	-	4,404	-	2,230
	<u>-</u>	<u>4,404</u>	<u>18,966</u>	<u>2,230</u>
<b>Other expenses</b>				
Subsidiaries	-	-	41,321	32,512
Associates	1,157	475	793	461
Other related companies	742	814	453	231
	<u>1,899</u>	<u>1,289</u>	<u>42,567</u>	<u>33,204</u>
<b>Purchases of fixed assets</b>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>7,650</u>	<u>-</u>



**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**22 Related party transactions (Cont'd)**

**ii) Purchases of goods and services and others (Cont'd)**

For the six-month periods ended	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
<b>Rental and service expenses</b>				
Subsidiaries	-	-	23,126	12,876
Associates	19,544	19,379	12,989	12,631
Leasehold Property Fund	59,273	57,482	45,344	44,062
Other related companies	25,045	18,561	22,483	15,929
	<u>103,862</u>	<u>95,422</u>	<u>103,942</u>	<u>85,498</u>
<b>Equipment rental expenses</b>				
Subsidiaries	-	-	400	1,200
Associates	1,310	1,263	-	-
Other related companies	10,800	10,800	10,800	10,800
	<u>12,110</u>	<u>12,063</u>	<u>11,200</u>	<u>12,000</u>
<b>Interest expense</b>				
Subsidiaries	-	-	1,365	13,530
Associates	469	463	469	463
Other related companies	313	308	313	308
	<u>782</u>	<u>771</u>	<u>2,147</u>	<u>14,301</u>
<b>Consulting fee</b>				
Other related companies	<u>12,900</u>	<u>12,700</u>	<u>12,900</u>	<u>12,700</u>
<b>Sponsorship expense</b>				
Associates	319	106	-	-
Leasehold Property Fund	360	550	-	-
	<u>679</u>	<u>656</u>	<u>-</u>	<u>-</u>
<b>Advertising cost</b>				
Associates	3,359	-	-	-
Other related companies	1,502	-	-	-
	<u>4,861</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Film hire cost</b>				
Subsidiaries	-	-	50,981	-
Associates	-	94	-	94
Other related companies	-	14,603	-	9,989
	<u>-</u>	<u>14,697</u>	<u>50,981</u>	<u>10,083</u>
<b>Other expenses</b>				
Subsidiaries	-	-	42,658	32,662
Associates	2,029	689	1,635	661
Other related companies	1,461	1,373	883	707
	<u>3,490</u>	<u>2,062</u>	<u>45,176</u>	<u>34,030</u>
<b>Purchases of fixed assets</b>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>35,613</u>	<u>-</u>

During the six-month period ended 30 June 2010, rental and management fee charged among related parties have been revised to reflect current market and economic conditions.

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**22 Related party transactions (Cont'd)**

**iii) Outstanding balances arising from sales/purchases of goods/services and others**

	Unit: Baht'000			
	Consolidated		Company	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
<b>Trade accounts receivable</b> (included in "Trade accounts receivable")				
Subsidiaries	-	-	179,165	303,343
Associates	4,711	2,964	141	272
Joint ventures	173	-	-	-
Other related companies	17,254	25,835	4,381	8,156
	<u>22,138</u>	<u>28,799</u>	<u>183,687</u>	<u>311,771</u>
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	400,884	467,896
Associates	21,130	19,381	5,244	3,444
Joint ventures	2,663	6,603	2,663	6,603
Other related companies	17,703	18,025	17,670	18,018
	<u>41,496</u>	<u>44,009</u>	<u>426,461</u>	<u>495,961</u>
<b>Dividend receivable</b> (included in "Amounts due from related parties")				
Subsidiaries	-	-	-	40,000
	-	-	-	40,000
Total	<u>41,496</u>	<u>44,009</u>	<u>426,461</u>	<u>535,961</u>
<b>Deposits</b> (included in "Other non-current assets")				
Associates	7,076	7,386	2,076	2,076
Other related companies	9,984	11,184	9,984	11,184
	<u>17,060</u>	<u>18,570</u>	<u>12,060</u>	<u>13,260</u>
<b>Trade accounts payable</b> (included in "Trade accounts payable")				
Subsidiaries	-	-	131,743	68,352
Associates	7,557	1,420	7,557	-
Other related companies	-	7,056	-	-
	<u>7,557</u>	<u>8,476</u>	<u>139,300</u>	<u>68,352</u>
<b>Other payables</b> (included in "Amounts due to related parties")				
Subsidiaries	-	-	8,450	80,991
Associates	7,110	19,423	4,870	13,111
Other related companies	2,307	3,701	370	2,510
Directors	3,288	3,669	2,550	3,669
	<u>12,705</u>	<u>26,793</u>	<u>16,240</u>	<u>100,281</u>

**Major Cineplex Group Public Company Limited**  
**Unaudited Condensed Notes to the Consolidated and Company Financial Statements**  
**For the six-month periods ended 30 June 2010 and 2009**

**22 Related party transactions (Cont'd)**

**iii) Outstanding balances arising from sales/purchases of goods/services and others (Cont'd)**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
<b>Advance received from land rental</b> (included in "Other non-current liabilities")				
Associates	31,768	32,292	-	-
<b>Deposit received</b> (included in "Other non-current liabilities")				
Associates	120,003	120,003	-	-
Other related companies	4,306	4,970	-	-
	<u>124,309</u>	<u>124,973</u>	<u>-</u>	<u>-</u>
<b>Finance lease liability</b> (included in "Long-term borrowings")				
Associates	11,884	11,797	11,884	11,797
Other related companies	7,922	7,865	7,922	7,865
	<u>19,806</u>	<u>19,662</u>	<u>19,806</u>	<u>19,662</u>

**iv) Loans to related parties**

	<b>Unit: Baht'000</b>	
	<b>Consolidated</b>	<b>Company</b>
<b>For the six-month period ended 30 June 2010</b>		
<b>Subsidiaries, associates and employees</b>		
Beginning balance	25,657	2,051,490
Loans made during the period	2,374	205,309
Loans repayments during the period	<u>(13,649)</u>	<u>(446,889)</u>
Ending balance	<u>14,382</u>	<u>1,809,910</u>

Loans to related parties are carrying interest at the rates ranging from 4.00% to 8.50% per annum and there is no specific repayment date.

**v) Long-term loans from related parties**

	<b>Unit: Baht'000</b>
	<b>Company</b>
<b>For the six-month period ended 30 June 2010</b>	
Beginning balance	58,149
Loans received during the period	80,000
Loans repaid during the period	<u>(70,838)</u>
Ending balance	<u>67,311</u>

Loans from subsidiaries are carrying interest at the rate of 4.00% per annum and there is no specific repayment date.

**23 Post balance sheet events**

**a) Investment in PVR Blu-O Entertainment Limited (“PVR Blu-O”)**

On 12 May 2010 at the Board of Directors Meeting No. 2/2553, the directors have approved for additional investment of 2.45 million shares in PVR Blu-O at the par value of Rupee 10, totalling Rupee 24.50 million. As at 30 June 2010, the investment is in process of arrangement.

**b) Dividend payment**

At the Board of Directors Meeting held on 13 August 2010, the Board passed a resolution to approve dividends in respect of the operating results for the period from January to June 2010 at Baht 0.20 per share, totalling Baht 168.20 million. The dividends will be distributed to shareholders listed in the register on 26 August 2010 and will be paid on 3 September 2010.